

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

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| VERIZON NORTH INC. |) | |
| VERIZON SOUTH INC. |) | |
| and NPCR, Inc. |) | |
| |) | 02-0182 |
| Joint Petition for Approval of an Supplement to an |) | |
| Interconnection Agreement dated February 1, 2002 |) | |
| pursuant to 47 U.S.C. §252(a)(1) and 252(e) |) | |

VERIFIED STATEMENT OF CHRISTOPHER L. GRAVES

My name is Christopher L. Graves and I am employed by the Illinois Commerce Commission as a Policy Analyst in the Telecommunications Division. I received a Bachelor of Arts degree in Economics from Illinois State University in 1990. Also, I hold a Master of Arts Degree in Economics from Southern Illinois University at Edwardsville which I received in November of 1997. Among my duties as a Policy Analyst is to review tariff documents and cost studies submitted to the Commission by telecommunications carriers and make recommendations to the Commission regarding those filings; provide economic analysis on pricing and cost issues in dockets before the Commission; and answer inquiries regarding wholesale pricing policies of the Commission.

SYNOPSIS OF THE AGREEMENT

The instant interconnection agreement between Verizon North Inc. and Verizon South Inc. ("Verizon" or "Carrier") and NPCR, Inc. ("NPCR" or "Requesting Carrier"), dated February 1, 2002 and shall continue in effect for consecutive six month terms unless either Party gives the other Party ninety calendar days written notice of

termination. This amendment relates to NPCR's access to Verizon's E911 network systems and databases established and maintained by Verizon.

The purpose of my verified statement is to examine the agreement based on the standards enunciated in section 252(e)(2)(A) of the 1996 Act. Specifically, this section states that:

The State commission may only reject an agreement (or any portion thereof) adopted by negotiation under subsection (a) if it finds that :

- (i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or
- (ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity.

I APPROVAL UNDER SECTION 252(e)

A. DISCRIMINATION

The first issue that must be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it discriminates against a telecommunications carrier that is not a party to the agreement.

Discrimination is generally defined as giving preferential treatment to the interconnecting carrier to the detriment of a telecommunications carrier that is not a party to the agreement. In previous dockets, Staff has taken the position that in order to determine if a negotiated agreement is discriminatory, the Commission should determine if all similarly situated carriers are allowed to purchase the service under the same terms and conditions as provided in the agreement. I recommend that the Commission use the same approach when evaluating this negotiated agreement.

A carrier should be deemed to be similarly situated to NPCR for purposes of this agreement if telecommunications traffic is exchanged between such carrier and

VERIZON termination on each other's networks and if such carrier imposes costs on VERIZON that are no higher than the costs imposed by NPCR. If a similarly situated carrier is allowed to purchase the service(s) under the same terms and conditions as provided in this contract, then this contract should not be considered discriminatory. Evaluating the term discrimination in this manner is consistent with the economic theory of discrimination. Economic theory defines discrimination as the practice of charging different prices (or the same prices) for various units of a single product when the price differences (or same prices) are not justified by cost. See, Dolan, Edwin G. and David E. Lindsey, Microeconomics, 6th Edition, The Dryden Press, Orlando, FL (1991) at pg. 586. Since Section 252(i) of the 1996 Act allows similarly situated carriers to enter into essentially the same contract, this agreement should not be deemed discriminatory.

B. PUBLIC INTEREST

The second issue that needs to be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it is contrary to the public interest, convenience, and necessity. I recommend that the Commission examine the agreement on the basis of economic efficiency, equity, past Commission orders, and state and federal law to determine if the agreement is consistent with the public interest.

In previous dockets, Staff took the position that negotiated agreements should be considered economically efficient if the services are priced at or above their Long Run Service Incremental Costs ("LRSICs"). Requiring that a service be priced at or above its LRSIC ensures that the service is not being subsidized and complies with the

Commission's pricing policy. All of the services in this agreement are priced at or above their respective LRSICs. Therefore, this agreement should not be considered economically inefficient.

Nothing in this agreement leads me to the conclusion that the agreement is inequitable, inconsistent with past Commission Orders, or in violation of state or federal law. Therefore, I recommend that the Commission approve this agreement.

II IMPLEMENTATION

In order to implement the VERIZON -NPCR agreement, the Commission should require VERIZON to, within five (5) days from the date the agreement is approved, modify its tariffs to reference the negotiated agreement for each service. Such a requirement is consistent with the Commission's Orders in previous negotiated agreement dockets and allows interested parties access to the agreement. The following sections of VERIZON's tariffs should reference the VERIZON -NPCR Agreement: Agreements with Telecommunications Carriers (ICC No. 10 Section 18).

Also, in order to assure that the implementation of the Agreement is in public interest, VERIZON should implement the Agreement by filing a verified statement with the Chief Clerk of the Commission, within five (5) days of approval by the Commission, that the approved Agreement is the same as the Agreement filed in this docket with the verified petition. The Chief Clerk should place the Agreement on the Commission's web site under Interconnection Agreements.

For the reasons enumerated above, I recommend that the Commission approve this agreement pursuant to Section 252(e) of the Telecommunications Act of 1996.